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**MONTHLY**

**Banking, Financial Services & Insurance (BFSI)**

# **E-Bulletin**

**THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA**

**DEPARTMENT OF BANKING & FINANCIAL SERVICES**

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## Infra & Manufacturing Sector Project Capex on the Upswing

According to the Economic Survey 2021-22, Indian economy is expected to grow for FY 2022-23 at 8% to 8.5% and for FY 2021-22 at 9.2%. There is a surge in demand that is an encouraging sign of economics revival post pandemic. While governments have been investing a lot in new infrastructures such as Road Projects, Metro Projects, Flyovers, Railways expansion projects, Airports, Power Generation and distribution etc., there is a rise in Capex investment in different sectors by private firms on greenfield or brownfield projects. Several industry leaders opine that most of the industrial sector would see huge CAPEX in next few years to augment their existing capacities.

Delay in completion of the project and cost overrun over and above the budgeted cost are avoidable if the risks involved in project executions are identified and risk mitigation plans are implemented throughout the tenure of the project i.e. from project conceptualisation to handing over to operations. Some of the high risks that the owner/investors of a CAPEX project exposed are:

- Selection of right technology
- Unpredicted changes in design and hence the cost
- Inefficient / use of plant and machineries at project site

- Cost and time overrun
- Ineffective control and monitoring on undue payment claims by the contractors
- Poor workmanship deviating from designed specifications finalised
- Frequent design changes, delay in design finalisation or additional work
- Sub-optimal procurement strategy
- Inadequate availability of skilled manpower
- Non-compliance to statutory and regulatory compliances
- Non-compliance to a project Safety and Environment requirements
- Risk of use of inferior quality of materials by the contractors compromising in the design quality etc.
- Ineffective project monitoring and control systems
- Lack of effective project management program with close co-ordination with all stake holders.

As per Ministry of Statistics and Program Implementation, as many as 438 infrastructure projects, each worth Rs 150 crore or more, have been hit by cost overruns totalling more than Rs 4.3 lakh crore. Of the 1,670 such projects, 438 projects reported cost overruns and 563 were delayed (reference- Business Standards, 25 October 2021). Though similar organised

data is not available for private sector projects, the data reflects the serious challenges that projects face to avoid cost and time overrun considering current project management ecosystem.

RSM India has been providing Project Management Services, Techno-commercial Concurrent Audit services and customised services such as BOQ Validation, Review of PO/WO prior to release, project contractors' bills certification, Materials Reconciliation of free issue materials, Project componentisation considering useful life of assets etc. for small, medium, and large CAPEX projects, especially in Manufacturing, Power Transmission, NHs, Commercial and Residential buildings etc. since last 2 decades. Project team comprising of experienced multi-disciplinary engineers and commercial persons led by senior management persons get engaged for project management

services and projects audits covering 360° view of the projects that brings immense value to the project owners in terms of adherence to quality of project execution, mitigation of risks, control on cost and time overrun. RSM India, the sole Indian member of RSM International, with a team of over 2,100 personnel in India, has been ranked as one of the top 6 accounting, tax and consulting firms in India (International Accounting Bulletins, 2011- 2020). The group has nationwide presence through offices across 11 key cities in India viz. Mumbai, New Delhi-NCR, Chennai, Kolkata, Bengaluru, Surat, Hyderabad, Ahmedabad, Pune, Gandhidham and Jaipur. RSM International has 51,000 personnel in 120 countries, with annual combined fee income of US\$ 7.24 billion (Rs.54,000 crores). Founded by Dr. Suresh Surana, RSM India is a home-grown organization with access to world-class capabilities.

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# SPEECHES

## John C Williams: Reading the Recovery

Remarks by Mr John C Williams, President and Chief Executive Officer of the  
Federal Reserve Bank of New York, at the Council on Foreign Relations,  
14 January 2022

The story of the pandemic is a complicated one. It is writing itself as we live it, and the storyline has been far from predictable. This is, first and foremost, a health crisis. The unusual and extraordinary nature of the situation means that circumstances are constantly evolving. For the economy, this has meant that what we've experienced is unlike any recession or recovery we've seen-or read about-in the past. While there have been significant improvements in the overall economy, setbacks persist in some areas, and new challenges have appeared.

### Economic Outlook

When I look at the economy, it is through the lens of the Federal Reserve's "dual mandate." These are two goals set by Congress: maximum employment and price stability. Given these goals, my focus is to study and understand the wide range of developments that affect employment, unemployment, and inflation as they play out in real time. As we start a new year, it's worth highlighting the key economic developments of last year, which were defined by a very strong recovery, both here and abroad.

### The Labor Market

Now I'll turn to the employment side of our mandate, where the picture improved dramatically over the past year. About

6-1/2 million jobs were added last year, and the unemployment rate plummeted by 2.8 percentage points. In fact, with the unemployment rate now at 3.9 percent, we have retraced 96 percent of the COVID recession rise in less than two years. This is lightyears faster than the more than seven years it took for unemployment to retrace to the same degree after the global financial crisis.

### Inflation and Supply-Chain Challenges

One of the foremost concerns surrounding the outlook is inflation, which rose considerably last year. There are two main contributors to the current high inflation: very strong demand, especially for goods, and supply bottlenecks. Both have been prevalent throughout the pandemic. The shutdown of factories-particularly those in Asia-and widespread lockdowns led to disruptions to logistics networks, elevated shipping costs, and prolonged delivery times.

### Conclusion

As we turn a page on the new year, it's clear that we have not yet reached the end of this pandemic story. But despite the challenges, I am hopeful of a continued strong recovery this year.

## RBI's Pandemic Response: Stepping out of Oblivion

Michael Debabrata Patra, Deputy Governor, Reserve Bank of India  
January 28, 2022 - at the C D Deshmukh Memorial Lecture organised by the  
Council for Social Development, Hyderabad

When COVID-19 engulfed the world in early 2020, humans had become oblivious of pandemics past. Yet, a hundred years ago and before – between 1817 and 1920 – cholera, plague and influenza pandemics had visited the world repeatedly and wreaked havoc. As a result, longevity, which was as low as 25 years in 1920, had risen to 70 years by 2020. The IMF estimates that since March 2020 and up to October 2021, US\$16.9 trillion or 16.4 per cent of global GDP had been pledged as fiscal support in response to the pandemic, with US \$ 14.5 trillion provided by advanced economies (AEs) and US \$ 2.4 trillion provided by emerging market economies (EMEs), including the least developed countries. The total monetary support was US\$19.0 trillion or 18.4 per cent of global GDP, US \$ 16.1 trillion by AEs and US\$ 2.9 trillion by EMEs.

### Leaning against the Pandemic

Among the first steps that the RBI took within six days of the WHO's declaration of COVID-19 as a pandemic was to create a business continuity bio-bubble. This turned out to be farsighted. Within days of the national lockdown being announced, financial markets in India went into seizure, financial institutions were gripped by liquidity evaporation, and finance, that keeps the wheels of the economy turning, dried up. From March 27, 2020 the RBI unfurled a panoply of measures numbering more than a hundred in total, some conventional and others out-of-the-box, to address pandemic-induced dislocations and constraints, both system level and also specific to sectors, institutions and financial instruments.

### Governor's Statements

When the definitive chronicle of this period is recorded, history will judge the role of the RBI in ameliorating the impact of COVID-19 and in lifting the Indian economy out of the depths of the pandemic's contraction. In the documentation of this journey, however, what I fear may not receive a fuller appreciation is that the RBI's pandemic response was fashioned around and launched with a central anchor, a leit motif if you will, that bound everything together into a coherent whole. I refer to the Governor's statements, which have become an integral element of the institutional edifice of the RBI's pandemic response.

### Conclusion

In the hallowed tradition of central banks, the RBI as an institution shuns the glare of the limelight, preferring to remain unglorified and grounded. Yet when the chips are down and crises loom, it rises up from the depths that it inhabits and flings itself at the gathering storm. When the job is done, the recovery secured and macroeconomic and financial stability ensured, it falls back, usually unsung, but always on guard. Continuously evaluating highly volatile and uncertain conditions and remaining prepared to protect the economy from shocks, the RBI has committed all its instruments to this objective, using conventional measures and fashioning new ones, as the pandemic experience showed. The lessons of the pandemic will be imbibed and the RBI will emerge stronger and more resilient than before, and committed to its mandate of price stability, keeping in mind the objective of growth.

# BANKING, FINANCIAL SERVICES & INSURANCE (BFSI) ACTIVITIES IN THE MONTH

**ASSOCHAM - EGROW Virtual Interactive Session on Shadow Union Budget  
“Expectation & Wishlist For Truly Atmanirbhar Bharat”  
Thursday, 20th January 2022 (11:00 AM – 01:00 PM)**

## **Eminent Panellists:**

- Dr. Arvind Virmani, Former Chief Economic Advisor, Government of India & Chairman, EGROW Foundation
- Shri Shachindra Nath, Executive Chairman & MD, UGRO Capital
- Shri Sameer Narang, Head- Economics Research Group, ICICI Bank
- Shri Ashok Vishandass, Professor, Indian Institute of Public Administration
- Dr. Rattan Chand, Consultant, World Bank
- Shri Rajkumar Muthukumar, CRO, Orange Retail Finance Pvt. Ltd.
- Shri Amit Tewary, Co-Founder & CEO, 4Fin
- Dr. Charan Singh, Chairman, ASSOCHAM National Council for Banking
- Col. M. P. Singh, Director, EGROW Foundation
- Shri Indranil Pan, Chief Economist, Yes Bank Ltd.
- Shri S.C Aggarwal, Member, ASSOCHAM & CMD, SMC Group
- Shri Basudev Mukerjee, Assistant Secretary General, ASSOCHAM

## **Key Takeaway's**

- **Dr. Arvind Virmani:-**
- We are undergoing second generation reforms.
- There are some misconceptions related to pandemic which needs to be addressed.
- Aero-sports is also a sector which is now being looked at.
- Factor market reforms plays a crucial role in second generation reform.
- Public sector reforms include PSE privatization, monetization and PPP.
- Institutional reforms to complement policy change.
- Under Vision 2050, we believe digital will be core driver for many years to come.
- Industrial infrastructure should be taken into account as many infrastructure equipment are made there so it needs to be improved as well.
- Globally it is seen that India is becoming more protectionist, which is not the case.
- The actual GDP pre and during pandemic shows that initially we declined in Q1 and then there in Q3 & Q4 we see upscale.

- Casual labour suffered a lot during lockdown which was nearly 50% but recovered fast.
- Private consumption is uncovered.
- Given that oil prices are likely to be high, we need to simulate modern MSMEs, Unicorns & Start-Up.
- The digital economy is going to power investment.
- GST council seems focused on short term revenue maximization.
- Revenue negative GST simplification needs to provide consumption stimulus to economy.



## TOP BANKING NEWS

- **Private lenders beat state-owned banks in disbursing govt-backed credit**

Public sector banks have lagged behind their private peers in disbursing loans under the government-backed credit guarantee scheme, showed data from the National Credit Guarantee Trustee Co. Ltd cited by the Reserve Bank of India (RBI). A higher share of MSME clients may be behind high disbursements, say analysts

Source: <https://www.livemint.com/industry/banking/pvt-lenders-beat-psbs-in-govt-backed-credit-11641146996682.html>

- **Investment bankers laugh their way to banks, garner highest ever fee of USD 1.1 bn in 2021 as IPOs see historic traction**

Investment bankers collected over USD 1 billion in fees in the year 2021 riding high on historic traction in Initial Public Offering (IPO) led by the new-age companies. This makes it the highest-ever advisory fees collected, says an industry report, according to news agency PTI. Bettering the previous record of USD 10.8 billion in 2017, the year 2021 has seen a lifetime record initial public offers mopping USD 16.6 billion.

Source: <https://www.zeebiz.com/market-news/news-investment-bankers-laugh-their-way-to-banks-garner-highest-ever-fee-of-usd-11-bn-in-2021-as-ipos-see-historic-traction-175180>

- **Airtel Payments Bank gets scheduled bank status from RBI**

The Reserve Bank of India (RBI) on Tuesday, 03rd January announced the

inclusion of Airtel Payments Bank in the second schedule of the Reserve Bank of India Act, 1934. The Reserve Bank of India also said that SBI, ICICI and HDFC banks will continue to be identified as Domestic Systemically Important Banks (D-SIBs), under the same bucketing structure as in the 2020 list of D-SIBs.

Source: <https://www.livemint.com/industry/banking/airtel-payments-bank-gets-scheduled-bank-status-from-rbi-11641296877794.html>

- **A state-run insurer may be privatized ahead of banks**

Parliament is yet to amend the Banking Regulation Act, which is necessary to divest a government-owned bank. The Union government may privatize one of India's four state-owned general insurers in the first half of FY23 because of high investor interest, ahead of the planned divestment of public sector banks, two people aware of the matter said.

Source: <https://www.livemint.com/companies/news/staterun-insurer-may-be-privatized-ahead-of-lenders-11641322127546.html>

- **RBI gives approval to Fino Payments Bank's international money transfer service**

Customers of Fino Payments Bank will be able to receive remittance money sent from overseas as it has been granted approval by the Reserve Bank of India (RBI) to offer the international money transfer service. Fino Bank has received the RBI approval to commence the international remittance

business under the Money Transfer Service Scheme (MTSS).

Source: <https://www.financialexpress.com/industry/banking-finance/rbi-gives-approval-to-fino-payments-banks-international-money-transfer-service/2397155/>

- **SBI, ICICI and HDFC Bank continue to be systemically important banks**

According to the Reserve Bank of India, State Bank of India, HDFC Bank and ICICI Bank will remain as Domestic Systemically Important Banks (D-SIBs) and therefore will have to maintain additional common equity tier 1 (CET1) capital ratios in the same manner prescribed in 2020. For SBI, the additional CET1 requirement is maintained at 0.6% of the bank's risk weighted assets, while for HDFC Bank and ICICI Bank, the requirement is kept at 0.2%.

Source: [https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-icici-bank-hdfc-bank-continue-to-remain-systemically-important-banks-rbi/articleshow/88692477.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-icici-bank-hdfc-bank-continue-to-remain-systemically-important-banks-rbi/articleshow/88692477.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **ICICI Bank facilitates payment of customs duty online**

ICICI Bank announced the launch of a facility for its customers – both retail and corporate – to pay customs duty digitally. Corporate customers can pay customs duty through the Bank's Corporate Internet Banking (CIB) and mobile banking app InstaBIZ, while retail customers can do so through the Bank's retail internet banking platform.

Source: <https://www.expresscomputer.in/news/icici-bank-facilitates-payment-of-customs-duty-online/82618/>

- **Thanks, NITI Aayog, but I would rather stay neo than become a bank**

The NITI Aayog has suggested a template for digital banks and stipulated a two-stage process: first a digital business bank licence, and then a digital universal bank licence. We need to find a new term for neo banks. That will be ironical, because neo means new. But it will also be apt, because a neo bank is not just a new bank, it is a new way. And not every neo bank wants to become a bank.

Source: [https://www.business-standard.com/article/finance/thanks-niti-aayog-but-we-would-rather-stay-neo-than-become-a-bank-122010600489\\_1.html](https://www.business-standard.com/article/finance/thanks-niti-aayog-but-we-would-rather-stay-neo-than-become-a-bank-122010600489_1.html)

- **Banks can tag more of small biz deposits as stable**

In a move that will make it easier for smaller banks to comply with RBI's prudential norms, the central bank has allowed lenders to recognise deposits of up to Rs 7.5 crore by small businesses for purpose of maintaining liquidity coverage ratio (LCR). The earlier threshold for deposit being part of LCR was Rs 5 crore. While the circular intends to align the definition of small business customers across different circulars, it will also have a collateral impact of improving's LCR of bank's.

Source: [http://timesofindia.indiatimes.com/articleshow/88743788.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/88743788.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Edelweiss ARC to acquire education loan portfolio of Indian Overseas Bank at 60% discount**

According to Indian Overseas Bank at an

auction last week, the lenders are blaming the surge in unemployment caused by Covid-19 for the rise in defaults in the education loans. Edelweiss ARC's Rs 237.5 crore offer for the education loan portfolio of Rs 594 crore triggered a Swiss auction held on January 6 by the bank. Since no other bidder made a counteroffer.

Source: [https://economictimes.indiatimes.com/industry/banking/finance/banking/edelweiss-arc-to-acquire-education-loan-portfolio-of-indian-overseas-bank-at-60-discount/articleshow/88794421.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/edelweiss-arc-to-acquire-education-loan-portfolio-of-indian-overseas-bank-at-60-discount/articleshow/88794421.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Ex-RBI Governor Urjit Patel Appointed VP of Asian Infrastructure Investment Bank**

Former Reserve Bank of India (RBI) governor Urjit Patel has been appointed as a vice-president of the Beijing-based Asian Infrastructure Investment Bank (AIIB), a multilateral funding institution, according to sources in the bank on Sunday, 9th January 2022. India is a founding member of AIIB with the second-highest voting share after China.

Source: <https://thewire.in/banking/ex-rbi-governor-urjit-patel-appointed-vp-of-asian-infrastructure-investment-bank>

- **FM meets RBI chief, PSU bank heads to review preparedness as covid cases surge**

Finance minister Nirmala Sitaraman on Friday, 7th January 2022 reviewed the preparedness of public sector banks (PSBs) to tackle any possible disruption due to the surge in covid-19 cases that has prompted

several states to announce restrictions. Bankers have told the finance minister that the state-run banks are adequately capitalised and prepared for any stress scenarios in future.

Source: <https://www.livemint.com/news/india/fm-meets-rbi-chief-psu-bank-heads-to-review-preparedness-as-covid-cases-surge-11641556695923.html>

- **Disclosing names of NUE applicants to hurt competitive positions: RBI**

According to The Reserve Bank of India (RBI), disclosing the names of applicants for the new umbrella entity (NUE) licences will hurt their competitive positions. In response to a Right to Information (RTI) query by FE, the central bank declined to share details of the licensing process which was set in motion in August 2020.

Source: <https://www.financialexpress.com/industry/banking-finance/disclosing-names-of-nue-applicants-to-hurt-competitive-positions-rbi/2403235/>

- **HDFC Bank Starts Online Customs Duty Payment Facility For Customer's**

Leading private-sector lender, HDFC Bank will now allow online customs duty for customers as the bank's integration with Central Board of Indirect Taxes and Customs (CBIC) ICEGATE platform has gone live. Customers will be able to pay for their customs duty directly via the bank. This follows the authorisation by the Principal Chief Controller of Accounts of CBIC to collect IGST on import and export of goods and services. According to HDFC Bank, it has facilitated both retail and wholesale payments of customs duty.

Source: <https://www.ndtv.com/business/hdfc-bank-news-hdfc-bank-starts-online-customs-duty-payment-facility-for-customers-check-benefits-2694553>

- **NHB's ₹150 cr refinance exposure to PMC Bank may get preferential treatment**

National Housing Bank's ₹150 crore refinance exposure to the scam-hit Punjab and Maharashtra Co-operative (PMC) Bank may get preferential treatment vis-a-vis other institutional creditors having uninsured deposits with the bank.

Source: <https://www.thehindubusinessline.com/money-and-banking/nhbs-150-cr-refinance-exposure-to-pmc-bank-may-get-preferential-treatment/article38217861.ece>

- **RBL Bank collaborates with Google to advance next generation customer experience**

RBL Bank and Google today announced a strategic collaboration to fuel the Bank's customer experience strategy and expand its value proposition to serve its rapidly growing customer base through its digital platform, Abacus 2.0.

Source: <https://www.livemint.com/industry/banking/rbl-bank-collaborates-with-google-to-advance-next-generation-customer-experience-11641789073575.html>

- **Federal Bank to divest its stake in Fedfina**

Private sector lender Federal Bank has decided to divest stake in wholly-owned subsidiary Fedbank Financial Services (Fedfina). The board of Fedfina, a non-deposit taking and systemically important non-banking finance company, has on

Monday given its nod for the plans to float an initial public offering (IPO) by way of fresh issue of equity shares and offer for sale. This is, to be sure, subject to approvals from the Securities and Exchange Board of India.

Source: [https://economictimes.indiatimes.com/industry/banking/finance/banking/federal-bank-to-divest-its-stake-in-fedfina/articleshow/88836794.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/federal-bank-to-divest-its-stake-in-fedfina/articleshow/88836794.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **India investment bankers earn record Rs 2,200 crore in 2021**

India's investment banking industry witnessed its best ever year in 2021, as a wave of public offerings and share sales helped the industry collect its highest fee from the deal-making business. Investment bankers made Rs 2,200 crore, thanks to a series of big-ticket IPOs and emergence of India's tech unicorns from startups to matured listed entities.

Source: [https://economictimes.indiatimes.com/industry/banking/finance/banking/india-investment-bankers-earn-record-rs-2200-crore-in-2021/articleshow/88862450.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/india-investment-bankers-earn-record-rs-2200-crore-in-2021/articleshow/88862450.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **CD issuances sharply rise in Oct-Dec as credit growth picks up**

Fund-raising through certificates of deposit (CDs) rose by more than 90% quarter-on-quarter in October-December, as banks raised funds to meet their funding requirements following a growth in the credit offtake and rollover of debt instruments that were set to mature in the third quarter of this fiscal.



Source: <https://www.financialexpress.com/industry/banking-finance/cd-issuances-sharply-rise-in-oct-dec-as-credit-growth-picks-up/2405102/>

- **Paytm Payments Bank leads UPI beneficiary chart; SBI biggest remitter in December**

Paytm Payments Bank has emerged as the biggest receiver of UPI amount with 926.17 million transactions while public sector bank SBI topped the chart of being the biggest remitter in December, according to data released by the National Payments Corporation of India (NPCI). Paytm Payments Bank Ltd (PPBL) claimed to have become the first beneficiary bank in the country to achieve the landmark of over 926 million UPI transactions in a single month.

Source: [https://economictimes.indiatimes.com/industry/banking/finance/banking/paytm-payments-bank-leads-upi-beneficiary-chart-sbi-biggest-remitter-in-december/articleshow/88881214.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/paytm-payments-bank-leads-upi-beneficiary-chart-sbi-biggest-remitter-in-december/articleshow/88881214.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Axis Bank partners MinkasuPay for seamless net banking experience**

Axis Bank, India's third-largest private sector bank, today announced its partnership with MinkasuPay to offer the smoothest net banking payment experience for its customers through a biometric authentication solution. Transaction time will reduce from the current 50-60 seconds to just 2-3 seconds with Fingerprint or Face ID authentication while increasing success rates significantly.

Source: [https://www.business-standard.com/article/finance/axis-bank-partners-minkasupay-for-seamless-net-banking-experience-122011200286\\_1.html](https://www.business-standard.com/article/finance/axis-bank-partners-minkasupay-for-seamless-net-banking-experience-122011200286_1.html)

- **Banks' investment portfolio: RBI pitches for new classification, valuation norms**

Aiming to align the investment portfolio of banks with the global prudential framework and accounting standards, the Reserve Bank of India (RBI) on Friday proposed new norms for their classification and valuation. According to a discussion paper by the central bank, 'Review of Prudential Norms for Classification, Valuation and Operations of Investment Portfolio of Commercial Banks', the new bank portfolio classification norms will come into effect from April 1, 2023. It has invited comments on the paper from stakeholders by February 15.

Source: <https://indianexpress.com/article/business/banking-and-finance/banks-investment-portfolio-rbi-pitches-new-classification-valuation-norms-7723869/>

- **PMC Bank merger with Unity Small Finance Bank awaits govt approval**

According to the sources, the proposed merger of debt-ridden Punjab and Maharashtra Cooperative Bank with Unity Small Finance Bank (USFB) is being examined and the process of amalgamation will start after the government approval. Various aspects of the scheme of amalgamation have been examined, and the government would soon send its suggestions, if any, to the RBI

Source: [https://economictimes.indiatimes.com/industry/banking/finance/banking/PMC-bank-merger-with-unity-small-finance-bank-awaits-govt-approval/articleshow/88932349.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/PMC-bank-merger-with-unity-small-finance-bank-awaits-govt-approval/articleshow/88932349.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Bank privatisation isn't conducive for Financial markets under capitalism**

One of the most important arguments advanced by John Maynard Keynes, the renowned economist, was that the operation of financial markets under capitalism is deeply flawed. Such markets are intrinsically incapable of distinguishing between “enterprise” where an asset is held because of the stream of returns that its ownership yields over time, and “speculation” where an asset is held not for this yield but only because it can be sold at a higher price tomorrow to someone else who in turn would buy it because he believes that he can sell it at an even higher price the day after tomorrow.

Source: <https://www.newsclick.in/bank-privatisation-isnt-conducive-financial-markets-under-capitalism>

- **Banks propose reduction of tax-free FD tenure to 3 years**

Banks have made a case for lowering fixed deposit (FD) tenure to three years for availing tax benefits, in line with mutual fund products like equity-linked savings scheme (ELSS). Currently, the tax break is available on five-year tax-saving FD schemes. One can claim an income tax deduction by investing money in a five-year FD scheme under Section 80C of the Income Tax Act, 1961. Section 80C is a wide bracket with a ceiling of Rs 1.50 lakh.

Source: <https://www.cnbctv18.com/personal-finance/banks-propose-reduction-of-tax-free-fd-tenure-to-3-years-12151752.htm>

- **30% rise in banking complaints in a year: RBI**  
Banking-related complaints saw a 30%

rise at the banking ombudsman office in Ahmedabad from July 2020 to March 2021 as compared to the previous year, revealed a recent report released by the Reserve Bank of India (RBI). According to an annualized data computed in the report, the Ahmedabad BO saw 23,113 complaints in 2020-21.

Source: [http://timesofindia.indiatimes.com/articleshow/88983670.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/88983670.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **IndusInd Bank sells Rs 4,050 crore distressed retail and corporate loans to ARC in last nine months**

Private lender IndusInd Bank sold more than Rs 4,050 crore of distressed loans to asset reconstruction companies (ARC) in the last three quarters to clean its books,. The bank sold Rs 2,552 crore loans to Edelweiss ARC and Rs 1,500 crore to Omkara ARC in separate pools comprising retail and corporate loans. IndusInd Bank's aim to maintain its net non-performing assets below 1% could have prompted the lender to sell the distressed loans.

Source: [https://economictimes.indiatimes.com/industry/banking/finance/banking/indusind-bank-sells-rs-4050-crore-distressed-retail-and-corporate-loans-to-arc-in-last-nine-months/articleshow/88977782.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/indusind-bank-sells-rs-4050-crore-distressed-retail-and-corporate-loans-to-arc-in-last-nine-months/articleshow/88977782.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **PagarBook aims to build full stack digital banking solution**

Sequoia and India Quotient-backed staff attendance & payroll management start-

up, PagarBook announced that they are building a full stack digital banking solution for SME Employees. As part of this larger strategy, PagarBook is set to launch Savings Accounts for SME Employees and has already launched PagarBook Cash, a first of its kind credit product based on the monthly salary of SME employees on its platform.

Source: <https://ibsintelligence.com/ibsi-news/pagarbook-aims-to-build-full-stack-digital-banking-solution/>

- **PSU banks could outperform tech stocks; capitalise on short term opportunities: Sandeep Tandon**

According to Sandeep Tandon, CIO, Quant Mutual Fund “Whenever there is extraordinary fear, which is the case right now, that is the time to rebuild exposure in equities. When one gets complacent, which was the case a week back, that is the time to prune it down. This is the way the whole of 2022 will be played out. Now value stocks could become your growth stock. It should be a core holding and growth stock should be your trading or tactical bet.

Source: [https://economictimes.indiatimes.com/markets/expert-view/psu-banks-could-outperform-tech-stocks-capitalise-on-short-term-opportunities-sandeep-tdandon/articleshow/89087212.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/markets/expert-view/psu-banks-could-outperform-tech-stocks-capitalise-on-short-term-opportunities-sandeep-tdandon/articleshow/89087212.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **SBI gets all approvals to set up Bad Bank: Chairman**

According to SBI Chairman Dinesh Kumar Khara on Friday, January 28th 2022, all the requisite approvals for setting up of National

Bad Assets Company have been received. As many as 15 accounts will be transferred to NARCL in this financial year. A total of 38 accounts worth 830 billion rupees have been identified to be transferred to the National Bad Bank. Further, all assets being transferred are fully provided for and there will be no impact on provisioning for banks.

Source: <https://www.livemint.com/industry/banking/sbi-chairman-says-got-all-approvals-to-set-up-bad-bank-11643357465512.html>

## SELECT RBI CIRCULAR'S

| Date of issue | Circular name   | Subject   |
|---------------|---|---|
| 27.1.2022     | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12224">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12224</a> | Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Deletion of 1 entry  |
| 19.1.2022     | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12221">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12221</a> | Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Deletion of 3 entries   |
| 06.01.2022    | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12220">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12220</a> | Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards and Net Stable Funding ratio – Small Business Customers |
| 06.01.2022    | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12219">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12219</a> | Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Deletion of entries  |
| 05.01.2022    | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12218">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12218</a> | Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)   |
| 04.01.2022    | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12217">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12217</a> | Inclusion of "Airtel Payments Bank Limited" in the Second Schedule of the Reserve Bank of India Act, 1934   |
| 04.1.2022     | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12216">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12216</a> | Retail Direct Scheme – Market Making  |
| 03.1.2022     | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12215">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12215</a> | Framework for Facilitating Small Value Digital Payments in Offline Mode   |
| 03.1.2022     | <a href="https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12214">https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12214</a> | Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Addition of entries  |

## WEEKLY STATISTICAL SUPPLEMENT – RBI

| Weekly Statistical Supplement – Extract            |         |         |         |           |       |
|--|---------|---------|---------|-----------|-------|
| 1. Reserve Bank of India - Liabilities and Assets* |         |         |         |           |       |
| (₹ Crore)  |         |         |         |           |       |
| Item   | 2021    | 2022    |         | Variation |       |
|  | Jan. 22 | Jan. 14 | Jan. 21 | Week      | Year  |
|  | 1       | 2       | 3       | 4         | 5     |
| 4 Loans and Advances                               |         |         |         |           |       |
| 4.1 Central Government                             | 0       | 0       | 0       | 0         | 0     |
| 4.2 State Governments                              | 5868    | 13975   | 2899    | -11076    | -2969 |

\* Data are provisional.

| 2. Foreign Exchange Reserves    |                        |          |                |          |                |          |        |          |
|---------------------------------|------------------------|----------|----------------|----------|----------------|----------|--------|----------|
| Item                            | As on January 21, 2022 |          | Variation over |          |                |          |        |          |
|                                 |                        |          | Week           |          | End-March 2021 |          | Year   |          |
|                                 | ₹ Cr.                  | US\$ Mn. | ₹ Cr.          | US\$ Mn. | ₹ Cr.          | US\$ Mn. | ₹ Cr.  | US\$ Mn. |
|                                 | 1                      | 2        | 3              | 4        | 5              | 6        | 7      | 8        |
| 1 Total Reserves                | 4719835                | 634287   | 12476          | -678     | 500883         | 57303    | 448307 | 48953    |
| 1.1 Foreign Currency Assets     | 4238297                | 569582   | 7090           | -1155    | 314129         | 32888    | 281632 | 27390    |
| 1.2 Gold                        | 300149                 | 40337    | 5310           | 567      | 52426          | 6457     | 34091  | 3878     |
| 1.3 SDRs                        | 142511                 | 19152    | 20             | -68      | 131647         | 17666    | 131473 | 17639    |
| 1.4 Reserve Position in the IMF | 38878                  | 5216     | 56             | -22      | 2680           | 292      | 1111   | 45       |

\*Difference, if any, is due to rounding off

### 3. Scheduled Commercial Banks - Business in India

(₹ Crore)

| Item                                     | Outstanding<br>as on Jan.<br>14, 2022 | Variation over |                       |         |              |         |
|--|---------------------------------------|----------------|-----------------------|---------|--------------|---------|
|  |                                       | Fortnight      | Financial year so far |         | Year-on-year |         |
|  |                                       |                | 2020-21               | 2021-22 | 2021         | 2022    |
|  |                                       |                | 1                     | 2       | 3            | 4       |
| 2 Liabilities to Others                  |                                       |                |                       |         |              |         |
| 2.1 Aggregate Deposits                   | 15982839                              | -259015        | 1057898               | 869326  | 1498795      | 1357449 |
| 2.1a Growth (Per cent)                   |                                       | -1.6           | 7.8                   | 5.8     | 11.4         | 9.3     |
| 2.1.1 Demand                             | 1828253                               | -238397        | -43184                | -32939  | 239836       | 254435  |
| 2.1.2 Time                               | 14154585                              | -20618         | 1101082               | 902265  | 1258959      | 1103014 |
| 2.2 Borrowings                           | 276468                                | 6497           | -65728                | 32443   | -66452       | 32758   |
| 2.3 Other Demand and<br>Time Liabilities | 584691                                | -49933         | -38639                | -71916  | 49425        | 19655   |
| 7 Bank Credit                            | 11495957                              | -184523        | 272033                | 546448  | 639251       | 853063  |
| 7.1a Growth (Per cent)                   |                                       | -1.6           | 2.6                   | 5.0     | 6.4          | 8.0     |
| 7a.1 Food Credit                         | 85681                                 | -2999          | 35186                 | 24427   | 4849         | -1269   |
| 7a.2 Non-food credit                     | 11410276                              | -181524        | 236847                | 522021  | 634402       | 854333  |

## 4. Money Stock: Components and Sources

(₹ Crore)

| Item                                      | Outstanding as on |          | Variation over |       |                       |      |         |      |              |      |         |      |
|---|-------------------|----------|----------------|-------|-----------------------|------|---------|------|--------------|------|---------|------|
|   | 2021              | 2022     | Fortnight      |       | Financial Year so far |      |         |      | Year-on-Year |      |         |      |
|   | Mar. 31           | Jan. 14  | Amount         | %     | 2020-21               |      | 2021-22 |      | 2021         |      | 2022    |      |
|   |                   |          |                |       | Amount                | %    | Amount  | %    | Amount       | %    | Amount  | %    |
|   | 1                 | 2        | 3              | 4     | 5                     | 6    | 7       | 8    | 9            | 10   | 11      | 12   |
| M3  | 18844578          | 19908070 | -206853        | -1.0  | 1439767               | 8.6  | 1063492 | 5.6  | 2022127      | 12.5 | 1668339 | 9.1  |
| 1 Components<br>(1.1.+1.2.+1.3.+1.4)      |                   |          |                |       |                       |      |         |      |              |      |         |      |
| 1.1 Currency with<br>the Public           | 2751828           | 2934495  | 53574          | 1.9   | 367274                | 15.6 | 182667  | 6.6  | 501507       | 22.6 | 217472  | 8.0  |
| 1.2 Demand Depos-<br>its with Banks       | 1995120           | 1966782  | -239007        | -10.8 | -41508                | -2.4 | -28338  | -1.4 | 243065       | 16.7 | 270598  | 16.0 |
| 1.3 Time Deposits<br>with Banks           | 14050278          | 14957156 | -20010         | -0.1  | 1109917               | 8.8  | 906877  | 6.5  | 1268157      | 10.1 | 1173223 | 8.5  |
| 1.4 'Other' Deposits<br>with Reserve Bank | 47351             | 49637    | -1409          | -2.8  | 4084                  | 10.6 | 2286    | 4.8  | 9398         | 28.3 | 7045    | 16.5 |
| 2 Sources<br>(2.1+2.2+2.3+2.4-<br>2.5)    |                   |          |                |       |                       |      |         |      |              |      |         |      |
| 2.1 Net Bank Credit<br>to Government      | 5850374           | 6085026  | -16374         | -0.3  | 757804                | 15.3 | 234652  | 4.0  | 718279       | 14.4 | 366860  | 6.4  |
| 2.1.1 Reserve Bank                        | 1099686           | 1161054  | -33281         |       | 59473                 |      | 61368   |      | -18353       |      | 109388  |      |
| 2.1.2 Other Banks                         | 4750689           | 4923972  | 16908          | 0.3   | 698331                | 17.6 | 173284  | 3.6  | 736632       | 18.7 | 257471  | 5.5  |
| 2.2 Bank Credit to<br>Commercial Sector   | 11668466          | 12208649 | -180973        | -1.5  | 262337                | 2.4  | 540183  | 4.6  | 635433       | 6.0  | 907668  | 8.0  |
| 2.2.1 Reserve Bank                        | 8709              | 5140     | 3046           |       | -3825                 |      | -3569   |      | 3105         |      | -4200   |      |
| 2.2.2 Other Banks                         | 11659757          | 12203509 | -184019        | -1.5  | 266162                | 2.4  | 543752  | 4.7  | 632328       | 5.9  | 911868  | 8.1  |

## 5. Liquidity Operations By RBI

(₹ Crore)

| Date          | Liquidity Adjustment Facility |               |                    |                            | MSF* | Standing Liquidity Facilities | Market Stabilisation Scheme | OMO (Outright) |          | Long Term Repo Operations | Targeted Long Term Repo Operations# | Special Long-Term Repo Operations for Small Finance Banks | Special Reverse Repo₹ | Net Injection (+)/ Absorption (-) (1+3+5+6+9+10+11+12-2-4-7-8-13) |
|---------------|-------------------------------|---------------|--------------------|----------------------------|------|-------------------------------|-----------------------------|----------------|----------|---------------------------|-------------------------------------|---|-----------------------|---|
|               | Repo                          | Reverse Repo* | Variable Rate Repo | Variable Rate Reverse Repo |      |                               |                             | Sale           | Purchase |                           |                                     |   |                       |   |
|               | 1                             | 2             | 3                  | 4                          | 5    | 6                             | 7                           | 8              | 9        | 10                        | 11                                  | 12  | 13                    | 14  |
| Jan. 17, 2022 | -                             | 76070         | -                  | -                          | 4    | -3000                         | -                           | 75             | 260      | -                         | -                                   | -   | -                     | -78881  |
| Jan. 18, 2022 | -                             | 64376         | -                  | 200029                     | 192  | -                             | -                           | 335            | -        | -                         | -                                   | -   | -                     | -264548   |
| Jan. 19, 2022 | -                             | 40925         | -                  | -                          | 4350 | -                             | -                           | 105            | -        | -                         | -                                   | -   | -                     | -36680  |
| Jan. 20, 2022 | -                             | 46079         | 50003              | -                          | 1654 | -                             | -                           | -              | -        | -                         | -                                   | -   | -                     | 5578  |
| Jan. 21, 2022 | -                             | 43201         | 75005              | -                          | 590  | 1383                          | -                           | -              | -        | -                         | -                                   | -   | -                     | 33777   |
| Jan. 22, 2022 | -                             | 3317          | -                  | -                          | 86   | -                             | -                           | -              | -        | -                         | -                                   | -   | -                     | -3231   |



## TOP NBFC'S-MFI NEWS

- **NBFCs to see revival in growth this year; may see slight uptick in NPA**

Non-banking financial companies (NBFCs) showed resilience in 2021 despite the coronavirus pandemic woes and are expected to witness continued momentum in growth this year. This year, the growth will be driven by the uptick in the economy, stronger balance sheet, higher provisions and improved capital positions of NBFCs.

Source: <https://www.businesstoday.in/latest/economy/story/nbfc-to-see-revival-in-growth-this-year-may-see-slight-uptick-in-npas-317596-2022-01-02>

- **Fintech and NBFCs partnership can bring credit revolution in the country**

According to Mr ketan Doshi, MD Paypoint India, Fintech companies can bring efficient onboarding of customers and offer seamless collection support at a negligible cost at the last mile touchpoints. Fintech companies can bring efficient onboarding of customers and offer seamless collection support at a negligible cost at the last mile touchpoints. Pandemic has facilitated banks and NBFCs to join hands with Fintechs. Lenders are now looking for fintech partnerships serving the last mile mainly for customer onboarding as customer acquisition and collection costs are pretty high.

Source: [https://www.indiaonline.com/article/news-sector-banking-financials/fintech-and-nbfc-partnership-can-bring-credit-revolution-in-the-country-122010300062\\_1.html](https://www.indiaonline.com/article/news-sector-banking-financials/fintech-and-nbfc-partnership-can-bring-credit-revolution-in-the-country-122010300062_1.html)

- **IDFC First Bank records over 10% YoY growth in total customer deposits**

According to IDFC First Bank, the total customer deposits rose 10.48% to Rs 85,387 crore as on 31 December 2021 from Rs 77,289 crore as on 31 December 2020. The customer deposits have increased by 1.79% as compared with Rs 83,889 crore as on 30 September 2021. CASA ratio was 51.85% as on 31 December 2021 as compared with 48.31% as on 31 December 2020 and 51.28% as on 30 September 2021.

Source: [https://www.business-standard.com/article/news-cm/idfc-first-bank-records-over-10-yoy-growth-in-total-customer-deposits-122010400495\\_1.html](https://www.business-standard.com/article/news-cm/idfc-first-bank-records-over-10-yoy-growth-in-total-customer-deposits-122010400495_1.html)

- **NBFCs seek 'flexibility' in MSME loans, refinancing facility for onward lending to small businesses**

Non-banking financial companies (NBFCs) has requested the government to treat retail loans to small businesses and individuals differently from loans to large enterprises. Urging for 'flexibility' in loans to small businesses, Finance Industry Development Council, which represents NBFCs, in its budget recommendations has suggested that retail and MSME loans up to Rs 2 crore should be permitted to be marked as Special Mention Account (SMA) or non-performing asset (NPA) as on month-end.

Source: <https://www.financialexpress.com/industry/sme/msme-fin-nbfc-look-for-flexibility-in-msme-loans-refinancing-facility-for-onward-lending-to-small-businesses/2399612/>

- **Fintech NBFC LivFin raises \$2 mn from venture debt player BlackSoil**

Delhi-based LivFin India Private Limited has raised \$2 million in venture debt from alternative credit platform BlackSoil. Operational since January 2018, LivFin is a Delhi-based fintech NBFC that provides supply chain finance to mid-to-large corporates by setting up programmes to lend to their suppliers, vendors and distributors, dealers, retailers through an 'Anchor'-based financing model. The company is backed by SAR Group promoters and has attracted investments from German DFI - DEG. It has disbursed over \$285 million to date and there have been no write-offs.

Source: <https://www.businesstoday.in/latest/corporate/story/fintech-nbfc-livfin-raises-2-mn-from-venture-debt-player-blacksoil-318106-2022-01-06>

- **Budget 2022: Assocham pitches for permanent refinance window for NBFC sector**

According to the Industry body ASSOCHAM, recommended setting up a refinance window for the NBFC sector and making banks' lending to non-banking financial companies under priority sector permanent for the upcoming Union Budget. The funding support to the non-banking finance companies (NBFCs) will ensure liquidity in the sector, as they play a key role in financial inclusion and providing affordable financial services to the underbanked.

Source: [https://economictimes.indiatimes.com/industry/banking/finance/budget-2022-asso-cham-pitches-for-permanent-refinance-window-for-nbfc-sector/articleshow/88788535.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/budget-2022-asso-cham-pitches-for-permanent-refinance-window-for-nbfc-sector/articleshow/88788535.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **10,000 Cheques Given Under Microfinance Loan Waiver Scheme In Assam**

Assam Chief Minister Himanta Biswa Sarma distributed over 10,000 cheques to waive microfinance loans availed by women of Dhemaji and Biswanath districts.

Altogether 11,000 women beneficiaries from Dhemaji and nearly 12,600 in Biswanath have been covered under the Assam Micro Finance Incentive and Relief Scheme 2021 (AMFIRS). Out of the total eligible beneficiaries, 5,000 each in the two districts were given the financial support at separate programmes of the chief minister during the day.

Source: <https://www.republicworld.com/india-news/general-news/10000-cheques-given-under-microfinance-loan-waiver-scheme-in-assam-articleshow.html>

- **Co-Lending : A Double Deal for Recolonising Peasantry, Helping Corporate cronies**

According to Provincial Banking Enquiry Committee reports, these moneylenders in turn borrowed from commercial banks. But while disbursing credit to the peasants and charging exorbitant interest rates, the money lenders at least bore the whole of the lender's risk. The banks from whom they borrowed did not bear any risk in case the peasants could not pay back the loans they had obtained from the moneylenders. The NBFC will obviously decide whom to lend and on what conditions, subject, one presumes, to certain restrictions imposed by the Reserve Bank of India's (RBI) guidelines.

Source: <https://www.newsclick.in/co-lending-double-deal-recolonising-peasantry-helping-corporate-cronies>

- **IndoStar Capital Finance appoints Deep Jaggi as CEO after R Sridhar steps down**

IndoStar Capital Finance Limited (“IndoStar”), has announced the appointment of Deep Jaggi as Chief Executive Officer. R. Sridhar decides to step down on completion of his five-year term where he will continue as Vice Chairman of IndoStar until the end of his five-year term on April 17, 2022. Over the past five years R. Sridhar has ably led the transformation of IndoStar from a corporate lender to a retail-focused financier and steered the organisation through a challenging period resulting from Covid-19.

Source: [https://www.indiaonline.com/article/news-top-story/indostar-capital-finance-appoints-deep-jaggi-as-ceo-after-r-sridhar-steps-down-122011000020\\_1.html](https://www.indiaonline.com/article/news-top-story/indostar-capital-finance-appoints-deep-jaggi-as-ceo-after-r-sridhar-steps-down-122011000020_1.html)

- **Federal Bank’s retail-focused NBFC, 24 Mantra Organic’s parent look set to float on bourses**

Fedbank Financial Services (FedFina) and Sresta Natural Bioproducts, which owns 24 Mantra Organic, look set to float as Kerala-based Federal Bank on Tuesday approved a plan to publicly list its retail-focused non-banking finance company (NBFC) and the parent of the packaged food brand filed for a Rs 500 crore initial public offering (IPO).

Source: <https://www.moneycontrol.com/news/business/markets/federal-banks-retail-focused-nbfc-24-mantra-organics-parent-look-set-to-float-on-bourses-7926821.html>

- **Finahub selects MatchMove to enable gold-backed lending solutions for NBFCs**

Finahub Technology Solutions has selected MatchMove’s Embedded Banking platform to enable Banks & NBFC’s in India to offer wallets & prepaid cards to customers for gold-backed lending, under the brand “Akshayous”.

Source: <https://www.aninews.in/news/business/business/finahub-selects-matchmove-to-enable-gold-backed-lending-solutions-for-nbfc20220112130317/>

- **Impact of 3rd wave low on NBFCs as bad loans fall, collections rise**

The third Covid wave hasn’t significantly hurt collection efficiency and raised delinquency levels of non-bank financing companies, rating agency India Ratings said in a report. Analysts suggest that the delinquencies in 1-90 days-past-due continue to be in the range of 5%-15%, and additions to bad loans have slowed down materially. “The collection efficiency data point to a recovery in the overall operating environment. The commercial vehicle segment, where collection efficiencies fell 60%-70% in 1QFY22, has recovered and is close to pre-Covid levels

Source: [https://economictimes.indiatimes.com/industry/banking/finance/banking/impact-of-3rd-wave-low-on-nbfc-as-bad-loans-fall-collections-rise/articleshow/88908862.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/impact-of-3rd-wave-low-on-nbfc-as-bad-loans-fall-collections-rise/articleshow/88908862.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Housing finance company, 8 NBFCs surrender certificates of registration to RBI**

According to Reserve Bank of India (RBI), eight non-banking financial companies (NBFCs) and one housing finance company have surrendered the certificate of registration (CoR) granted to them. The Mumbai-based Indie Homefin Pvt Ltd has surrendered the Certificate of Registration (CoR) granted by the National Housing Bank and the Reserve Bank of India (RBI) has therefore cancelled the CoR.

Source: <https://www.livemint.com/industry/banking/housing-finance-co-8-nbfc-surrender-certificates-of-registration-to-rbi-11642091884893.html>

- **REC Limited Raises \$1,175 Million From Consortium Of Seven Banks**

In a landmark transaction, state-owned REC Limited (REC) successfully raised \$1,175 million from a consortium of seven banks as the Mandated Lead Arrangers and Bookrunners (MLABs). According to the statement, this is the single largest syndicated loan raised in the International Bank Loan market by any Indian NBFC. The deal, benchmarked to USD LIBOR, was anchored by seven Indian and International banks, namely Axis Bank, Bank of Baroda, Bank of India, Canara Bank, DBS, MUFG and SMBC.

Source: <https://www.outlookindia.com/website/story/business-news-rec-limited-raises-1175-million-from-consortium-of-seven-banks/409679>

- **MFI loan portfolio stood at Rs 2,37,369 crores serving 5.68 crore unique borrowers: Infomerics Report**

Microfinance industry (MFI) is one of the most important paradigms of the Indian financial sector due to its grass-root coverage and its

overarching vision of providing credit to the relatively unbanked sections of the society. This transformative effort constitutes an integral part of the mainframe economics and the well-being of the overall society. The amount of loan disbursed, dipped in the wake of the devastating COVID pandemic. However, the number of SHG's with saving linkage increased from about 100 lakhs to about 112 lakhs.

Source: [https://economictimes.indiatimes.com/small-biz/sme-sector/mfi-loan-portfolio-stood-at-rs-237369-crores-serving-5-68-crore-unique-borrowers-infomerics-report/articleshow/88468840.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/small-biz/sme-sector/mfi-loan-portfolio-stood-at-rs-237369-crores-serving-5-68-crore-unique-borrowers-infomerics-report/articleshow/88468840.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Budget 2022-23 Expectation: What to expect from the fintech sector this year**

COVID has been a “Chief Transformational Officer” in the Banking sector and has only pushed banks to focus & prioritise on Digital Banking. It is therefore critical that the budget draws bold policy interventions to strengthen digital infrastructure which would eventually help digitizing banking and thereby the overall economy. Creation of a separate Fintech Division at RBI is a welcome step and we look forward to the RBI in not only promoting innovation in this sector but also identify the challenges and opportunities associated with it and address them in a timely manner.

Source: <https://www.firstpost.com/business/budget-2022-23-expectation-what-to-expect-from-the-fintech-sector-this-year-10290241.html>

- **How co-lending can help banking sector**

Co-lending may be just what the doctor

ordered for improving the flow of credit to the unserved and underserved sectors of the economy at an affordable cost, going by the flurry of tie-ups between banks and non-banking finance companies (NBFCs) in the last few months. Top bankers and NBFC chiefs say the co-lending model (CLM) is a win-win proposition for banks, NBFCs and their customers.

Source: <https://www.thehindubusinessline.com/money-and-banking/how-co-lending-can-help-banking-sector/article64905358.ece>

- **RBI Financial Stability Report: At 4.56%, fintech loan delinquencies higher than that of private banks, NBFCs**

Delay in loan repayments and defaults are rising in the fintech-led consumer credit space, according to data in the Reserve Bank of India's (RBI) annual Financial Stability Report. Delinquency levels were at 1.82 percent of loans sanctioned by fintechs in September 2020 and that number increased to 4.56 percent in September this year, according to data by credit information company TransUnion CIBIL.

Source: <https://www.moneycontrol.com/news/business/companies/rbi-financial-stability-report-at-4-56-fintech-loan-delinquencies-higher-than-that-of-private-banks-nbfc-and-hfcs-788003>

- **MSME loans: SIDBI sanctions Rs 650 cr to two small finance banks for lending to businesses in hinterland**

Principal financial institution for financing and developing the MSME sector in India, Small Industries Development Bank of India (SIDBI) on Tuesday announced that it has sanctioned Rs 650 crore in financial

assistance to two small finance banks — AU Small Finance Bank and Jana Small Finance Bank in order to enable credit access to more Covid-hit micro and small enterprises (MSEs) via low rated or unrated small non-banking financial companies (NBFCs) and microfinance institutions (MFIs).

Source: <https://www.financialexpress.com/industry/sme/msme-fin-msme-loans-sidbi-sanctions-rs-650-cr-to-two-small-finance-banks-for-lending-to-businesses-in-hinterland/2409666/>

- **Every fintech player should get NBFC licence from RBI: Uni Cards' Nitin Gupta**

Riding on the demand from millennial and Gen Z generations as well as borrowers in under-served and unbanked smaller towns, the BNPL market has been growing at a rapid pace in India. Given the growth of many existing payment platforms, digital wallet operators and even major e-commerce companies have built a BNPL offering on top of their existing payments business. Now, one can get BNPL offers from Paytm Postpaid, MobiKwik, Freecharge, ZestMoney, LazyPay, ePaylater, CapitalFloat, Amazon Pay, among others. Even traditional banks have jumped on the bandwagon.

Source: <https://www.businesstoday.in/industry/banks/story/every-fintech-player-should-get-nbfc-licence-from-rbi-uni-cards-nitin-gupta-319635-2022-01-19>

- **RBI simplifies rules for factoring business; move to increase NBFC numbers from 7 to 182**

Reserve Bank of India (RBI) has simplified rules for the Non Banking Finance Companies or NBFCs. The banking regulator has

simplified rules for the factoring business. NBFCs will now be able to do factoring business. Non deposit NBFC companies with Asset Under Management (AUM) over Rs 1000 get an RBI nod. In the factoring business, companies in order to meet their capital requirements can mortgage their receivable with others. Factoring business is in line with the discounting of bills.

Source: <https://www.zeebiz.com/india/news-rbi-simplifies-rules-for-factoring-business-move-to-increase-nbfc-numbers-from-7-to-182-176739>

- **Union Budget: Banks & NBFCs anticipate restructured scheme extension to help MSMEs**

Ahead of the union budget Banks and NBFCs (Non-Banking Financial Company) are expecting further relaxation for restructured loan accounts and an extended restructured scheme from the RBI. The Central bank had permitted banks to restructure MSME loans in 26 sectors barring them from being classified as non-performing assets (NPAs) as per certain financial parameters by March 2022.

Source: <https://knnindia.co.in/news/newsdetails/economy/union-budget-banks-nbfc-anticipate-restructured-scheme-extension-to-help-msmes>

- **RBI allows non-deposit NBFCs to continue with factoring business catering MSMEs**

The Reserve Bank of India (RBI) has allowed all non-deposit taking NBFC-Investment and Credit Companies (NBFC-ICCs) having resources upto Rs 1,000 crore or more to continue with factoring business. This has led to the establishment

of 182 factoring organisations, with the earlier number at seven.

Source: <https://knnindia.co.in/news/newsdetails/sectors/rbi-allows-non-deposit-nbfc-to-continue-with-factoring-business-catering-msmes>

- **Budget 2022 | Infra spending, sops for green tech are key expectations**

The global steel industry witnessed an unexpected V-shaped recovery since Q3 CY2020 as a combination of concerted fiscal and monetary policy actions by the governments and central banks across the globe injected record liquidity into the global economy to stimulate growth. What followed is a surge in earnings for domestic steelmakers during the last six quarters, with most companies reporting their best-ever profits, helping bring down the industry's debt levels at an accelerated pace.

Source: <https://www.moneycontrol.com/news/opinion/budget-2022-infrastructure-spending-and-incentives-for-green-tech-are-key-expectations-7977001.html>

- **Zomato sets up NBFC, acquires minority stakes in UrbanPiper, AdOnMo**

Online food delivery firm Zomato has set up a non banking financial company (NBFC) and invested in two companies - Ad tech firm Adonmo Pvt Ltd and B2B software platform UrbanPiper Technology as part of its larger plan to deploy \$1 billion across startups. Moneycontrol has learnt that the NBFC will allow Zomato to extend credit to its stakeholders going forward.

Source: <https://www.moneycontrol.com/news/business/startup/zomato-sets-up-nbfc-acquires-minority-stakes-in-urbanpiper-adonmo-7994581.html>

## TOP INSURANCE NEWS

- **How Digitalisation has Smoothened the Insurance Buying Process**

The demand for online transactions increased with the onset of the Covid pandemic in 2020. The insurance industry, among many others, stepped in to cater to this demand and changed some policies which fructified in 2021. While newer insurers took a lead in selling insurance directly online, others too have started selling directly through their apps and websites. According to Animesh Das, head, product strategy, Acko General Insurance, “While 100 per cent of our business is online, 70-80 per cent comes directly from our website.

Source: <https://www.outlookindia.com/website/story/business-news-how-digitalisation-has-smoothened-the-insurance-buying-process/407771>

- **Non-life insurance to witness consolidation in 2022**

A new chairman for the sectoral regulator, review of the existing regulations, consolidation of the players, focus on profitability, larger companies reaping the benefit of investments in technology, upward revision in the third party motor insurance policy are some of the 2022 forecasts by the senior officials of Indian general insurance industry. Officials also said it will be interesting to see how digital insurance companies will be able to scale up their business this year.

Source: [https://economictimes.indiatimes.com/industry/banking/finance/insure/non-life-insurance-to-witness-consolidation-in-2022/articleshow/88643687.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/insure/non-life-insurance-to-witness-consolidation-in-2022/articleshow/88643687.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Irdai directs Go Digit to withdraw product offering life insurance benefits**

Insurance sector regulator Irdai has asked Go Digit General Insurance (Go Digit) to discontinue a product offering life insurance benefits in violation of regulatory norms. The Insurance Regulatory and Development Authority of India (Irdai) also asked the insurer to withdraw advertisements regarding the product from all media. Irdai said a show cause notice (SCN) was issued in August 2021 as deficiencies were observed in complying with the provisions of Insurance Act.

Source: <https://www.moneycontrol.com/news/business/irdai-directs-go-digit-to-withdraw-product-offering-life-insurance-benefits-7887621.html>

- **LIC, GIC and New India are “too big to fail”: IRDAI**

Insurance Regulatory and Development Authority of India (IRDAI) has identified three insurance companies as Domestic Systemically Important Insurers (D-SIIs) for the fiscal year, 2020-21. The move is an extension of the same stature. Those are state-backed entities including Life Insurance Corporation of India,

Source: [https://economictimes.indiatimes.com/industry/banking/finance/insure/lic-gic-and-new-india-are-too-big-to-fail-says-irdai/articleshow/88598757.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/insure/lic-gic-and-new-india-are-too-big-to-fail-says-irdai/articleshow/88598757.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **5 new trends that will shape insurance industry in 2022**

With change redefining life insurance in 2.0.2.2., the industry will emerge bigger and stronger. In my opinion, life insurance revolves around securing the certainties of life, rather than preparing for the uncertainties. When viewed through the lens of convictions, the perspectives on future are sharpened by the narratives that define the industry.

Source: <https://www.cnbctv18.com/personal-finance/5-new-trends-that-will-shape-insurance-industry-in-2022-12007302.htm>

- **Shriram General Insurance launches new vertical to focus on rural insurance biz**

Shriram General Insurance, the non-life private insurance unit of Shriram Group, has launched a separate vertical to focus on rural insurance. The company will recruit 1,500 employees and the insurance products will be available through 25,000 points-of-sale (PoS) as part of a three-year plan for rural expansion till FY25. Shriram General Insurance, the non-life private insurance unit of Shriram Group, has launched a separate vertical to focus on rural insurance.

Source: <https://www.livemint.com/insurance/news/shriram-general-insurance-launches-new-vertical-to-focus-on-rural-insurance-biz-11640926523809.html>

- **All health insurance policies to cover Omicron treatment cost: Irdai**

In the wake of a recent surge in covid-19 cases, the Insurance Regulatory and Development Authority of India (IRDAI) said

that all health insurance policies will have to cover expenses for treating infections/diseases due to the Omicron variant. The insurance companies shall put in place an effective coordination mechanism with all their network providers (hospitals) to make available seamless cashless facility to all policyholders in case of hospitalisation, if any and render speedy services to all policyholders

Source: <https://www.livemint.com/insurance/news/covid-health-insurance-policies-to-cover-omicron-treatment-cost-irdai-11641272223782.html>

- **Irdai to set up hubs on motor insurances**

The regulator Irdai on Thursday decided to set up two hubs on motor insurance and property insurance and also an advisory committee with the overall objective to promote loss prevention measures in the general insurance industry. “ It has been decided to from a hub on property insurance at ‘National Insurance Academy (NIA)’ and one on motor insurance at ‘Institute of Insurance and Risk management.

Source: <https://auto.economicstimes.indiatimes.com/news/aftermarket/irdai-to-set-up-hubs-on-motor-insurances/88746479>

- **Health insurance companies can no longer deny claims, deduct charges for specific Covid treatment**

As no specific medicine was available to treat the Covid-19 patients, after trying various antibiotics, doctors started administering “Antibody Cocktail therapy” to treat such patients. As the therapy was first started on experimental basis, many



health insurance companies were either denying the claims on such treatments or were deducting the cost of the antibody cocktail (mainly containing Casirivimab and Imdevimab). However, the Central Drugs Standard Control Organisation (CDSCO) gave emergency use authorisation (EUA) to the use of antibody cocktail (Casirivimab and Imdevimab) in May, 2021 in our country.

Source: <https://www.financialexpress.com/money/insurance/health-insurance-companies-can-no-longer-deny-claims-deduct-charges-for-specific-covid-treatment/2403070/>

- **Higher coverage achieved under PM's crop insurance scheme for Samba season**

Non-loanee farmers continue to dominate the composition of insured farmers. Around four lakh more acres have been brought under the fold of the Prime Minister's Crop Insurance Scheme for the Samba cultivation season of 2021-22, compared to the corresponding period last year. During this year's season, around 29.33 lakh acres were insured, of which paddy accounted for 27.21 lakh acres. For the corresponding season of 2020-21, a total of 25.45 lakh acres were insured. In the parlance of the crop insurance sector, the Samba season is referred to as the "special season" because it comes neither under the Kharif season nor under Rabi.

Source: <https://www.thehindu.com/news/national/tamil-nadu/higher-coverage-achieved-under-pms-crop-insurance-scheme-for-samba-season/article38227834.ece>

- **Omicron impact: Demand for health insurance products picks up pace**

With Covid-19 cases across the country rising rapidly once again, demand for health insurance products has spiked. Insurers are seeing an uptick in inquiries for such products and underwriting more premiums in the segment. Already, health insurance was growing at a rapid pace since the onset of the pandemic as awareness around risk had heightened among consumers. But the country recorded more than 600,000 Covid-19 cases in the past week, which is almost a six-fold rise than the previous week.

Source: [https://www.business-standard.com/article/economy-policy/omicron-impact-demand-for-health-insurance-products-picks-up-pace-122011100046\\_1.html](https://www.business-standard.com/article/economy-policy/omicron-impact-demand-for-health-insurance-products-picks-up-pace-122011100046_1.html)

- **LIC And Hero Insurance Brokers Join Hands To Increase Insurance Penetration**

All of LIC's 32 insurance policies will be available through Hero Insurance Broking's distribution network of 2,700 customer service locations across India. Life Insurance Company of India (LIC) and Hero Insurance Broking have joined hands to enhance awareness and availability of insurance, especially in the overlooked and neglected markets. They will target semi-urban and rural parts of the country.

Source: <https://www.outlookindia.com/website/story/business-news-lic-and-hero-insurance-brokers-join-hands-to-increase-insurance-penetration/409095>

- **Max Life Insurance's Death Claim Settlement Stood At 99.35% In 2020-21**

The company has paid 19,922 death claims worth Rs 885.57 crore during the financial

year 2020-21, resulting in an individual death claims paid ratio of 99.35 per cent for the company. Max Life Insurance's death claim settlement stood at over 99 per cent in the financial year 2020-21, in which the company paid claims worth over Rs 885 crore.

Source: <https://www.outlookindia.com/website/story/business-news-max-life-insurances-death-claim-settlement-stood-at-9935-in-2020-2021/409369>

- **Insurance companies accelerate pay-outs on crop loss, majority of claims settled**

44.26 lakh farmers in the state have received Rs 2,501.66 crore in way of compensation for crop loss earlier in the season. Following repeated reminders from the office of the Agriculture Commissioner, insurance companies have settled the majority of crop loss claims in the state. To date, 44.26 lakh farmers in the state have received Rs 2,501.66 crore in way of compensation for crop loss earlier in the season.

Source: <https://indianexpress.com/article/cities/pune/insurance-companies-accelerate-pay-outs-on-crop-loss-majority-of-claims-settled-7722247/>

- **Irdai sets tenure of insurance CEOs, directors**

The Insurance Regulatory and Development Authority of India has aligned the tenure of chief executives and directors of insurance companies with the banking sector set by the Reserve Bank of India. The tenure of MDs, CEOs and whole-time directors (WTD) of an insurance company has been set at 15 years. As applicable to banks, the prescribed maximum age of these

functionaries will be 70 years. The maximum age limit for chairman and non-executive directors has been fixed at 75 years.

Source: <https://indianexpress.com/article/business/economy/irdai-sets-tenure-of-insurance-ceos-directors-7704765/>

- **Fintech Insurance market size to showcase lucrative growth trends over 2021-2026 | Lemonade, Singlife, Metromile**

Latest update report on Fintech Insurance Market Size, Share, Growth, Industry Trends and Forecast by 2028. This report is highly predictive as it holds the overall market analysis of the topmost companies into the Fintech Insurance industry. With the classified Fintech Insurance market research based on various growing regions, this report provides leading players portfolio along with sales, growth, market share and so on. The detailed information is based on current Fintech Insurance market trends and historic achievements.

Source: <https://insurancenewsnet.com/oarticle/fintech-insurance-market-size-to-showcase-lucrative-growth-trends-over-2021-2026-lemonade-singlife-metromile>

- **Budget 2022 Podcast: Clear calls for reduced GST on insurance premiums, separate tax rebate on ELSS, mutual funds**

Ahead of Budget 2022, According to the Finance Ministry, net direct tax collection last year has touched Rs 9.45 trillion, growing 60.8 percent from the year-ago period. Khurana is of the view that given a good year in terms of net direct tax collection, combined

with the phenomenal number of income tax return (ITR) filed, it is absolutely fair for the people to expect a reduction in tax.

Source: <https://www.cnbctv18.com/personal-finance/budget-2022-podcast-clear-calls-for-reduced-gst-on-insurance-premiums-separate-tax-rebate-on-elss-mutual-funds-12112432.htm>

- **SBI General Insurance launches awareness campaign on tax saving**

SBI General Insurance has announced the launch of a campaign to increase awareness of Indians around the need to buy health insurance to save tax has a humorous tone to bring out the barriers people have for not buying or procrastinating to buy health insurance

Source: <https://www.livemint.com/insurance/news/sbi-general-insurance-launches-awareness-campaign-on-tax-saving-11641365554570.html>

- **Life insurers seek separate bucket for life insurance premium, tax-free annuity in Budget**

According to the Hon'ble Finance Minister Smt. Nirmala Sitharaman, scheduled to present the general budget for the next fiscal on February 1. The industry would like the annuity products to come under tax rebates. The life insurance industry has recommended the government to create a separate bucket for tax rebate under section 80 (C) and make annuity tax-free for the benefit of subscribers as part of its demand for the next Union Budget to be unveiled in February.

Source: <https://www.moneycontrol.com/news/business/life-insurers-seek-separate-bucket-for-life-insurance-premium-tax-free-annuity-in-budget-7943571.html>

- **Tech Mahindra taps into insurance biz with acquisition of Com Tec Co IT**

Deal struck at €310 mn; also invests 310 mn; €25 mn in acquiring 50% stake in SWFT & Surance. IT services major Tech Mahindra announced acquisition of Com Tec Co IT Ltd (CTC) for €310 million (Rs 2,625 crore), including earnouts and synergy-linked payouts. This will be eight acquisition the company has made in FY22. CTC is an IT solutions and service provider serving the insurance and financial services industries with development centres in Latvia and Belarus.

Source: [https://www.business-standard.com/article/companies/tech-mahindra-taps-into-insurance-biz-with-acquisition-of-com-tec-co-it-122011700977\\_1.html](https://www.business-standard.com/article/companies/tech-mahindra-taps-into-insurance-biz-with-acquisition-of-com-tec-co-it-122011700977_1.html)

- **Vagaries of weather drive near 13 lakh Maha farmers to crop insurance scheme**

Significantly, grapes and mango have suffered in the last few days because of massive rains and hailstorms. Around 12.54 lakh farmers in Maharashtra have registered for crop insurance under the Pradhan Mantri Fasal Bima Yojana (PMFBY) for the Rabi season of 2021-22. According to senior officials of the State Agriculture Department, at least 44,000 additional farmers have opted for crop insurance this season, mainly due to the vagaries of weather in the state.

Source: <https://www.financialexpress.com/economy/vagaries-of-weather-drive-near-13-lakh-maha-farmers-to-crop-insurance-scheme/2410030/>

- **Irdai reduces obligatory cession of premiums to GIC Re to 4% from FY23**

According to the Industry experts, the

insurance regulator has lowered the obligatory cession of sum insured on each general insurance policy that is to be reinsured with state-owned reinsurer GIC Re to 4 per cent, beginning financial year 2022-23 (FY23), from 5 per cent earlier. The move could result in GIC Re losing about Rs 1,500-2,000 crore of premiums.

Source: [https://www.business-standard.com/article/finance/irdai-reduces-obligatory-cession-of-premiums-to-gic-re-to-4-from-fy23-122011901072\\_1.html](https://www.business-standard.com/article/finance/irdai-reduces-obligatory-cession-of-premiums-to-gic-re-to-4-from-fy23-122011901072_1.html)

- **Risk mitigation in insurance key to drive penetration: Official**

According to the Department of Financial Services Joint Secretary Saurabh Mishra, Both the government and the Insurance Regulatory and Development Authority of India are working together on how to drive the penetration of products, innovation and distribution. The government, in 2021, had increased the foreign direct investment limit for the sector from 49 per cent to 74 per cent with an aim at increasing coverage.

Source: <https://theprint.in/economy/risk-mitigation-in-insurance-key-to-drive-penetration-official/807528/>

- **Insurance sector waiting for ‘Annaatthe’ for IRDAI**

Is there a need for a Chairman for Insurance Regulatory and Development Authority of India (IRDAI) is the question that has started popping up. On Wednesday a reporter asked ICICI Lombard General Insurance Company Ltd’s officials at a press meet about the need for a Chairman to head IRDAI? The sectoral regulator has

been functioning without a Chairman since May 2021 and it is business as usual at the Hyderabad headquartered office with the savings of over Rs 4 lakh per month as salary per month.

Source: <https://telanganatoday.com/insurance-sector-waiting-for-annaatthe-for-irdai>

- **PMC’s fund for health insurance of urban poor gets over in 9 months**

Civic body seeks additional funds to meet the extra expenditure of pandemic months. THE ONGOING pandemic has impacted the financial planning of Pune Municipal Corporation (PMC) as the Rs 45 crore funds of the civic body meant for health cover of urban poor are over within nine months of the current financial year, forcing the civic administration to seek additional funds to meet the expenditure for the hospitalised urban poor.

Source: <https://indianexpress.com/article/cities/pune/pmcs-fund-for-health-insurance-of-urban-poor-gets-over-in-9-months-7732641/>

- **Liberty General Insurance collaborates with NIA**

Liberty General Insurance has partnered with National Insurance Academy (NIA) to design an industry-first and certification course on electric vehicles (EVs) for its claims team. According to the Press Release, “Electric vehicle segment is starting to find its feet and is expected to capture considerable market share in the private vehicle segment. Consequently, the surge in demand for electric vehicles will be followed by motor insurance for the same. It is thus imperative to have an in-

depth knowledge of the new segment to offer better claim service to the Insurance buyers.

Source: <https://www.livemint.com/insurance/news/liberty-general-insurance-collaborates-with-11642748797475.html>

- **SBI Life Insurance Q3 net up 56.4% at Rs364cr on higher premium income**

SBI Life Insurance reported -22.95% fall yoy in revenues in the Dec-21 quarter at Rs20,458cr. SBI Life Insurance reported -22.95% fall yoy in revenues in the Dec-21 quarter at Rs20,458cr. The big reason for the fall in revenues was a sharp fall in investment income which fell vertically from Rs12,777cr last year to Rs2,424cr in this quarter.

Source: [https://www.indiaonline.com/article/earnings-results/sbi-life-insurance-q3-net-up-56-4-at-rs364cr-on-higher-premium-income-122012300091\\_1.html](https://www.indiaonline.com/article/earnings-results/sbi-life-insurance-q3-net-up-56-4-at-rs364cr-on-higher-premium-income-122012300091_1.html)

- **Uncertainty over privatisation of PSBs, general insurance company**

Uncertainty looms over the privatisation of two public sector banks and one general insurance company as announced in the Budget last year. There is no clarity yet if the government will introduce a Bill in the Budget session for the privatisation of public sector banks. According to Hon'ble Finance Minister Nirmala Sitharaman "Other than IDBI Bank, we propose to take up the privatisation of two Public Sector Banks and one general insurance company in 2021-22. This would require legislative amendments,"

Source: <https://www.thehindubusinessline.com/money-and-banking/uncertainty-over-budget-announcement-about-privatisation-of-public-sector-banks-general-insurance-company/article64931189.ece>

- **Mahindra Insurance Brokers partners Tata 1mg for wellness solutions**

Mahindra Insurance Brokers (MIBL), a subsidiary of Mahindra & Mahindra Financial Services (Mahindra Finance), on Thursday, 27th January 2022 announced its partnership with Tata 1mg, an online healthcare platform, to provide corporate India with a holistic wellness solution. The tie-up plans to offer customised health solutions for the well-being of corporate employees and their families.

Source: <https://www.livemint.com/companies/news/mahindra-insurance-brokers-partners-tata-1mg-for-wellness-solutions-11643271305409.html>

## TOP CORPORATE BOND MARKET NEWS

- **Cash floods municipal-bond market**

Investors have poured more money into municipal bond funds so far this year than they have in decades, providing the fuel for borrowing by states and cities to fund new bridges, sewers and other state and local projects to a second-straight 10-year high. Tax breaks and stimulus help investors leave behind worries about Covid-19-related defaults

Source: <https://www.livemint.com/market/stock-market-news/cash-floods-municipal-bond-market-11641126686015.html>

- **India sets sights on record green bond issuance entering 2022**

India's green bond issuance is set to reach a new record in 2022, following an exceptionally strong 2021. Corporate and Bank issuers in India are likely to tap the climate – related debt market more actively as the world's third-largest emitter of carbon dioxide will need as much as \$10 trillion to be carbon-neutral by 2070. More issuers will also turn to the offshore market where there is a deeper and wider pool of climate – conscious investors.

Source: <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/india-sets-sights-on-record-green-bond-issuance-entering-2022-67940627>

- **Moderate returns likely for 2022, but long-term India growth story intact**

It's been almost two years since the Covid-19 pandemic began to disrupt

economies across the globe. After seeing an unprecedented lock-down and disruption to economic activity in 2020, governments and central banks around the world responded swiftly with massive fiscal and monetary stimulus to counter this shock. Post a significant second wave in India in the early part of, we gradually started seeing a calibrated opening-up of the economy and healthy recovery in economic activity and corporate earnings. This helped several global markets including India to touch record highs, supported by the global liquidity surge.

Source: [https://economictimes.indiatimes.com/markets/stocks/news/moderate-returns-likely-for-2022-but-long-term-india-growth-story-intact/articleshow/88645790.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/markets/stocks/news/moderate-returns-likely-for-2022-but-long-term-india-growth-story-intact/articleshow/88645790.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Tighten your seat belt but don't leave the roller coaster**

Equity markets are at a crossroads on Omicron: FPIs vs Domestic Investors, Inflation, and Expectations vs Delivery. Omicron seems to have peaked in South Africa without much hospitalisation and death rates. It is creating havoc in the US, Europe and Korea. India so far has withstood Omicron well. There is an upside to the market if it doesn't result in a lockdown/significant disruption in economic activities. Suppose it is the other way, then there will be a downside to the market.

Source: [https://economictimes.indiatimes.com/markets/stocks/news/tighten-your-seat-belt-but-dont-leave-the-roller-coaster/articleshow/88655970.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/markets/stocks/news/tighten-your-seat-belt-but-dont-leave-the-roller-coaster/articleshow/88655970.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Record redemption of corporate bonds not a concern**

Approximately Rs 5.6 lakh crore of corporate bonds are due to mature in 2022, nearly 20% higher than redemptions due in 2021. According to data compiled by the Prime Database, the amount due for maturity last year was Rs 4.7 lakh crore, while it was Rs 5.4 lakh crore in 2020. The majority of Rs 1.6 lakh crore is due from non-banking finance companies or financial service companies, accounting for 29% of the total amount due for redemption. Public sector banks and manufacturing or service companies need to repay Rs 1.20 lakh crore or 22% of the total and Rs 1.23 lakh crore or 22%, respectively.

Source: <https://www.financialexpress.com/market/record-redemption-of-corporate-bonds-not-a-concern/2400220/>

- **SBI to tap Taiwan debt market with \$500 million Formosas**

State Bank of India (SBI) is set to raise up to \$500 million by selling 'Formosa' bonds in Taiwan, a move that will help diversify the international investor base and tap cheaper money before global rate gauges rise further following the US Federal Reserve's liquidity unwinding. The country's largest bank is building on resources as it sees credit demand accelerating this year. Those bonds are likely to be of a five-year maturity,

with a base size of about \$250 million. The bank may retain subscriptions up to \$500 million depending on investor response. The deal is expected to be launched within a week.

Source: [https://economictimes.indiatimes.com/markets/bonds/sbi-to-tap-taiwan-debt-market-with-500-million-formosas/articleshow/88799166.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/markets/bonds/sbi-to-tap-taiwan-debt-market-with-500-million-formosas/articleshow/88799166.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Companies raise \$100bn on global debt market in brisk start to 2022**

Companies raised more than \$100bn on the bond market in the first week of this year as finance chiefs kicked off an effort to lock in low borrowing costs before benchmark interest rates start to climb. Global corporate bond issuance reached \$101bn in the year to January 7, with US deals reaching a record pace. The global haul trailed only a blockbuster \$118bn start to 2021, which was the highest on Refinitiv records going back 19 years.

Source: <https://www.ft.com/content/d72dbda9-0164-4e89-8898-b162538ce605>

- **Ridham Desai is bullish on this sector for 2022**

According to Ridham Desai, Head of India Research at Morgan Stanley, "The reason why the financials have not done well is because we have all gone wrong on the timing of the RBI exit," When you say markets are factoring in a little bit of the earnings structural cycle, but they are not factoring everything, how are you judging that? It is a matter of judgment. There is no objective way of assessing that, but you

see how depressed earnings are. So plot the five-year compounded annual growth rate in Sensex earnings, and that line is really low.

Source: [https://economictimes.indiatimes.com/markets/expert-view/ridham-desai-is-bullish-on-this-sector-for-2022/articleshow/88853734.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/markets/expert-view/ridham-desai-is-bullish-on-this-sector-for-2022/articleshow/88853734.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Equity MFs see net inflows of Rs 25K crore in December, shows data**

Equity Mutual Funds (MFs) ended 2021 on a strong note seeing record net inflows of Rs 25,076.71 crore in December, taking the net inflows for the year to Rs 96,669.97 crore, according to data from the Association of Mutual Funds in India (Amfi). Inflows through the systematic investment plan (SIP) route for December stood at Rs 11,305.34 crore, as against monthly SIP contribution of Rs 11,004.94 crore in November.

Source: [https://www.business-standard.com/article/markets/equity-mfs-see-net-inflows-of-rs-25k-crore-in-december-shows-data-122011100007\\_1.html](https://www.business-standard.com/article/markets/equity-mfs-see-net-inflows-of-rs-25k-crore-in-december-shows-data-122011100007_1.html)

- **RBI proposes adding corporate bonds in banks' HTM category**

The Reserve Bank of India (RBI) on Friday, January 14 2022 proposed allowing banks to keep corporate bonds, or even equity shares of subsidiaries, associates and joint ventures in the held-to-maturity category (HTM) of their investment books. An investment in the HTM category doesn't require to be valued at the current market price, and therefore, banks do not have to incur mark-to-market losses if the current prices of the instruments dip in

the market. Earlier, only government and state government securities, and certain securities by infrastructure companies were allowed in the HTM category.

Source: [https://www.business-standard.com/article/finance/rbi-proposes-adding-corporate-bonds-in-banks-htm-category-122011500007\\_1.html](https://www.business-standard.com/article/finance/rbi-proposes-adding-corporate-bonds-in-banks-htm-category-122011500007_1.html)

- **Reserve Bank of India draft rules to help firms meet Sebi debt norms**

The Reserve Bank of India's (RBI's) realignment of investment norms for banks could finally nudge companies to raise a fourth of their debt through the corporate bond market, first announced in FY2019 Budget. Subsequently, the Securities Exchange Board of India (Sebi) had in July 2018, notified that companies with outstanding long-term borrowings of Rs 100 crore and a credit rating of 'AA and above' must source 25 per cent of their debt requirement from the bond market.

Source: [https://www.business-standard.com/article/economy-policy/reserve-bank-of-india-draft-rules-to-help-firms-meet-sebi-debt-norms-122011700028\\_1.html](https://www.business-standard.com/article/economy-policy/reserve-bank-of-india-draft-rules-to-help-firms-meet-sebi-debt-norms-122011700028_1.html)

- **\$6 billion in 2 weeks: India Inc bonds a big hit overseas**

Indian companies raised \$6 billion selling offshore bonds during January 1-14, the most in the first fortnight of a year, showing the confidence of international investors in India's economy despite looming uncertainties globally. The Indian issues have received strong interest at a time when investors are mostly apathetic about other emerging markets, especially China.



Source: <https://economictimes.indiatimes.com/news/company/corporate-trends/6-billion-in-2-weeks-india-inc-bonds-a-big-hit-overseas/articleshow/88940791.cms>

- **It's gov't vs India Inc in bond markets**

India Inc. may have to offer higher returns on fresh domestic bond issuances to investors as they compete with state government bonds offering higher yields, experts said. State governments bonds offering higher returns edge out corporates

Source: <https://www.livemint.com/economy/company-bond-sales-slow-on-rising-yields-11642357713600.html>

- **The turmoil in Hong Kong is an opportunity for India**

Hong Kong's future as a global financial centre is less promising after China's authoritarian crackdowns – for controlling the pandemic and civil freedoms – leading to an exodus of expatriate finance industry professionals. Can India position Mumbai, or Gujarat's GIFT City as credible options to the firms and professionals looking for alternatives to Hong Kong? Can India emerge as a centre for global financial transactions, at least for Indian companies? Yes, indeed, if only India would first develop a vibrant market for debt, both government and corporate, within India

Source: <https://www.livemint.com/opinion/online-views/the-turmoil-in-hong-kong-is-an-opportunity-for-india-11642426288927.html>

- **Corporate bonds will need to offer better returns to compete with gov't bonds: Report**

Corporate bond issuers in India will have to offer higher returns on their papers as they compete with state-issued government bonds. At the same time, the increasing yields on such bonds have led to a generally decreasing amount of bond issuance.

Source: <https://www.cnbc18.com/market/bonds/corporate-bonds-will-need-to-offer-better-returns-to-compete-with-govt-bonds-report-12148392.htm>

- **India Inc on an overseas borrowing binge**

Indian corporates are on a borrowing spree overseas. Just two weeks into the current calendar year, India Inc has raised over \$6 billion through offshore bond issuance, aided by surplus liquidity, low interest rates and the growing traction for 'environmental, social and corporate governance' or ESG bond issues in global markets.

Source: <https://www.thehindubusinessline.com/news/india-inc-on-overseas-borrowing-binge/article64907156.ece>

- **Budget 2022: Funnel Household Savings Into The Right Areas**

Recent years have seen a major shift in household savings and investments in India – from predominantly physical assets to financial avenues. According to data disclosed in the Reserve Bank of India's annual reports, the share of net financial savings of households rose to 40 per cent in fiscal 2020 from 33 per cent in fiscal 2013. However, as much as 40 per cent of these financial investments continue to be in low-yielding bank deposits.

Source: <https://www.outlookindia.com/business/funnel-household-savings-into-the-right-areas-news-44718>

- **Bond yield rises nearly 6 basis points to a 24-month high of 6.52%**

The yield on the benchmark 10-year Government of India bond rose nearly 6 basis points (bps) to a 24-month high of around 6.52 per cent. This was the biggest one-day rise in bond yields in the last four months as bond investors asked for higher yields (or interest rates) in view of India's growing fiscal deficit and high inflation.

Source: [https://www.business-standard.com/article/finance/bond-yield-rises-nearly-6-basis-points-to-a-24-month-high-of-6-52-122010500057\\_1.html](https://www.business-standard.com/article/finance/bond-yield-rises-nearly-6-basis-points-to-a-24-month-high-of-6-52-122010500057_1.html)

- **Federal Reserve: Fed Action Seen Imminent, Street On Edge**

The stock market is on the edge after posting the largest weekly decline in eight weeks ahead of the US Federal Reserve's rate setting meeting on Wednesday. In the holiday-shortened week ahead, investors will remain wary as US technology giants – Apple and Microsoft- are set to report earnings amid the adverse sentiment that has gripped new-age businesses on Wall Street and elsewhere. Higher oil prices could also keep the mood cautious.

Source: <https://newsconcerns.com/federal-reserve-fed-action-seen-imminent-street-on-edge/>

- **Bond yields rise to two-year highs, here's why**

India's 10-year government bond yield surged to a two-year high of 6.54 percent on Thursday, 06 January 2022 and bond market watchers expect them to stay high, unless the RBI intervenes. Yields were hovering around 6.5 percent earlier

this week but stabilised on Wednesday as crude oil prices fell. They have started inching up again.

Source: <https://www.cnbc18.com/market/bonds/bond-yields-rise-to-two-year-highs-heres-why-12033872.htm>

- **Cash-rich RIL buys back local bonds worth Rs 4,000 crore**

RIL bought back an estimated ₹4,000 crore worth of local bonds from existing investors on two consecutive days last week, demonstrating robustness of the cash position at the oil-to-telecom company that towers above all Indian rivals on conventional financial parameters. Some of the bond sellers were mutual funds run by the likes of IDFC, Aditya Birla, SBI, DSP and Invesco

Source: [https://economictimes.indiatimes.com/markets/bonds/cash-rich-ril-buys-back-local-bonds-worth-rs-4000-crore/articleshow/89082626.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/markets/bonds/cash-rich-ril-buys-back-local-bonds-worth-rs-4000-crore/articleshow/89082626.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **JSW Infrastructure raises US\$ 400 Mn through its debut in the International Bond Markets**

JSW Infrastructure Ltd, India's leading private sector infrastructure development company and part of the US\$ 13 billion JSW Group, successfully priced a US\$ 400 million 144A/Reg S Senior Secured Guaranteed Sustainability-Linked Bond for a 7-year tenor at 4.950%. The proceeds of this issue will be used to repay the existing debt of the Company and its subsidiaries and as permitted by RBI under the ECB Guidelines.

Source: [https://www.indiaonline.com/article/news-sector-cap-goods-eng-infra/jsw-infrastructure-raises-us-400-mn-through-its-debut-in-the-international-bond-markets-122011400485\\_1.html](https://www.indiaonline.com/article/news-sector-cap-goods-eng-infra/jsw-infrastructure-raises-us-400-mn-through-its-debut-in-the-international-bond-markets-122011400485_1.html)

- **Why investors fleeing Chinese property market see India as an opportunity**

Investors have been taking refuge from the Chinese real estate debt crisis in pockets of the broader Asian credit market, and cite India among opportunities that are relatively insulated from the historic turmoil. Goldman Sachs Group Inc. has recently adopted a positive stance on Asia high-yield bonds. Bank of New York Mellon Corp. data indicate South Korea, Indonesia, Singapore, India, Malaysia and Japan all recorded capital inflows into corporate debt in the three months through Jan. 18, while China experienced outflows.

Source: [https://www.business-standard.com/article/markets/why-investors-fleeing-chinese-property-market-see-india-as-an-opportunity-122012500130\\_1.html](https://www.business-standard.com/article/markets/why-investors-fleeing-chinese-property-market-see-india-as-an-opportunity-122012500130_1.html)

- **India Inc puts brakes on \$3 billion global bond issues post Fed move**

India Inc has put the brakes on global bond issuances of about \$3 billion owing to heightened volatility spurred by the US Federal Reserve's decision to increase interest rates more aggressively to control inflation. Vedanta Resources, Jindal Steel and Power Limited, Mumbai International Airport Limited (MIAL), and Sukhbir Agro Energy were among the companies which had planned dollar bonds issues and had already appointed arrangers and started legal background work.

Source: [https://economictimes.indiatimes.com/news/company/corporate-trends/india-inc-puts-brakes-on-3-billion-global-bond-issues-post-fed-move/articleshow/89169124.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/news/company/corporate-trends/india-inc-puts-brakes-on-3-billion-global-bond-issues-post-fed-move/articleshow/89169124.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

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